

KANSAS RACING AND GAMING COMMISSION

MINUTES – DECEMBER 16, 2022

CALL TO ORDER (A.)

Chairman David Moses called the December 16, 2022, meeting to order at 10:00 a.m. The meeting was held at the Eisenhower State Office Building in Topeka, Kansas. Notice of this meeting was given to the public via the KRGC and Public Square websites. Commissioners Brandon Jones, Larry Turnquist, and Sheryl Spalding were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Sports Wagering and Licensing DJ Lopez, Director of IT&C-s Dennis Bachman, and other staff.

MOTION, APPROVE AGENDA (B.)

Commissioner Jones (Spalding) moved to approve the agenda as amended. Motion carried 4-0.

MOTION, APPROVE November 16, 2022 MEETING MINUTES (C.)

Commissioner Spalding (Turnquist) moved to approve the minutes of the November 18, 2022 meeting. Motion carried 4-0.

MOTION, APPROVE CONSENT AGENDA (D.)

Commissioner Turnquist (Jones) moved to approve the consent agenda (four items). Motion carried 4-0.

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT (E.1.a.)

Diane Giardine, General Manager, reported:

- November 2022 revenue numbers compared to November 2021:
 - Total gaming revenue decrease 6.63%
 - Total slot revenue down 2.65%
 - Table games revenue down 35.02%
- November 2022 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue \$1,728.00.
 - Down 91.81% from October 2022
 - Currently operating a temporary retail sportsbook.
 - Digital Sportsbook Revenue: \$4,599,580.00
 - Up 3.96% from October 2022
- Events and Promotions:
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions
 - Food & Toy Drive
 - Hero Tree
 - Home for the Holidays

- Christmas Buffet
- New Year's Eve Promotions
- VIP Promotions
- Upcoming Entertainment & Events
 - Mannheim Steamroller – December 8
 - 13th Anniversary of Casino Opening – December 15
 - Jamey Johnson – December 16
 - Hairball – February 10
 - For King & Country – April 29
 - Soccer – Kansas Bandits – December – March
 - Football – Southwest Storm – March – May
 - Chairman Moses asked if there were any promotions being done regarding the Kansas University and Kansas State University games. General Manager Giardine said that they are trying to do a small promotion, but it has not been approved by the Lottery.
- COVID-19
 - 1 positive case since November 18th.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
KANSAS STAR
(E.2.a.)

Doug Lang, Vice President and General Manager, reported:

- Admissions down 11% compared to November 2021
- November 2022 revenue numbers compared to November 2021:
 - Total gross gaming revenue down 6.8%
 - Slot coin-in down 12.3%
 - Slot hold up 0.27 pts
 - Table games drop up 10.5%
 - Table games hold up 0.7 pts
- November 2022 Sports Wagering
 - Retail Sportsbook Revenue: \$2,300,000.00
 - Digital Sportsbook Revenue: \$52,000,000.00
 - Of the retail sportsbook
 - 20% of bets are placed at the counter
 - 80% of bets are placed at the kiosk
 - 75% of cash bets are placed at the counter
 - 25% of cash bets are placed at the kiosk
 - Over 60% of the handle is on the NFL
 - There has been almost \$6 million in revenue since 9/1/22
- Past Events and Promotions:
 - Farm Expo Trade Show – December 1-3, 2022
- Upcoming Events and Promotions:
 - Asian Variety Show – January 21, 2023

- Chairman Moses asked why there are fewer events and promotions for this month than normal. General Manager Lang explained that December and January are typically light on events. The colder weather usually drives down concert attendance. Events will pick back up in February.
- Chairman Moses asked if there were any special events planned for the two bowl games. General Manager Lang said that they do not have any special events planned on property; however, FanDuel has promotions for FanDuel VIPs to take them to bowl games for Kansas University and Kansas State University games. General Manager Lang said that although there are no promotions planned on property, they will have the games on the big screens.
- COVID-19
 - 15 positive Covid cases in November.
 - 5 cases to date in December.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD CASINO
AT KANSAS
SPEEDWAY
(E.3.a.)

Lydia Garvey, Vice President & General Manager, reported:

- Admissions were up 13.2% compared to November 2021
- November 2022 revenue numbers compared to November 2021:
 - Total gross gaming revenue increase 10.5%
 - Slot revenue up 0.4%
 - Table games revenue up 43.2%
- November 2022 Sports Wagering revenue numbers
 - Sportsbook Revenue was \$798,000 up \$489,000 compared to October
- Recent/Upcoming Events and Promotions:
 - November 23 - November Pie Giveaway
 - November 25 - \$100K Winners Weekend
 - December 1 - Sportsbook Scratchers
 - December 2 - Stuff Your Stocking
 - December 3 - Holiday Hi-Lo
 - December 15 – VIP Pretty Pretty Presents
 - December 17 – 10 Year Anniversary \$200K Final Drawing
 - December 30 – Jackpot Party
 - December 31 – NYE Pull Tabs
 - December 31 - \$23K later in the evening
 - There is no event planned for the Kansas University or Kansas State University games, but there are media advertisements encouraging people to come to the casino to watch the game.
- Casino Floor:

- Doubled the number of electronic gaming tables from 8 to 16 positions. Two additional games have been added, blackjack and big six.
- Commissioner Turnquist asked if the facility recently had any unusual staffing issues. General Manager Garvey said that the challenges they are facing are not unusual but continued. Culinary continues to be an issue, EVS is improving, and they could definitely use more table games dealers. Chairman Moses asked General Managers Giardine and Lang if they had similar experiences to General Manager Garvey. Diane Giardine said that Boot Hill Casino is fully staffed and is moving gaming tables back to the floor instead of removing them. She attributes this success to their new Recruitment Manager. General Manager Lang said that his facility is having staffing challenges comparable to what General Manager Garvey described.
- COVID-19
 - 8 cases in November and 5 so far in December.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
KANSAS CROSSING
CASINO
(E.4.a.)

Jeff McKain, General Manager, reported:

- Admissions down 2.2% compared to November 2021
- November 2022 revenue numbers compared to November 2021:
 - Coin in down 1.0%
 - Table games drop up 19.7%
 - Net gaming revenue up 7.3%
- Events and Promotions:
 - November
 - Kiosk games every Monday.
 - Kiosk games every Tuesday.
 - Camp 49 Hot promotional specials on Wednesday.
 - Casino Hot Seats every Thursday.
 - Table Games Hot Seats on Fridays.
 - Cash Drop promotion on Fridays.
 - Cash is King month end promotion on Friday the 25th.
 - 20K November to Remember promotion every Saturday.
 - Casino gift day every Saturday.
 - Ginger Billy in the Corral on Saturday the 19th.
 - December
 - Kiosk games every Monday.
 - Kiosk games every Tuesday.
 - Camp 49 Hot promotional specials on Wednesday.
 - Casino Hot Seats every Thursday.

- Christmas Cash Climb promotion on Fridays.
 - Cash is King month end promotion on Friday the 30th.
 - Lita Ford concert Saturday 12th.
 - Casino gift day every Saturday.
 - NYE VIP dinner and Members Only concert.
- Sports Wagering
 - Points Bet, BetMGM, and Caesars are the mobile sports gaming platforms partners.
 - BetMGM leads the group in handle
 - Chiefs, KU and K-State made up 7% of November handle for BetMGM
 - The World Cup made up 2.3% of the November handle
 - For Caesars, their single largest wager was \$30K
 - Overall, Caesars bets were down 5% from October but handle was up 11%
 - For PointsBet, KU and K-State were 9% of the college football handle, and soccer was the third most popular sport for the month.
 - Retail sports wagering has not launched yet but is expected to launch in the first quarter of 2023.
- COVID-19
 - 5 cases in November and zero so far in December.

COMMISSION ITEMS –
OLD BUSINESS (F.)

There was no old business.

COMMISSION ITEMS –
NEW BUSINESS; (G.)

There was no new business.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(I.1. and I.2.)

Garrett Rogers, Paralegal, reported on the Voluntary Exclusion Program statistics for the month of November 2022.

Executive Director Brownlee reported:

- Adopted historical horse racing regulation drafts were sent to industry partners this week for critique and suggestions for change prior to sending them for the formal regulation review process. The deadline for submitting suggestions is January 30th. Historical horse racing application packages have also been sent out to entities who have expressed interest. The deadline for application submission is February 28th.

- Commissioner Turnquist asked how many industry partners have been sent the draft regulations. Executive Director Brownlee explained that the two outside gaming labs contracted with the agency, the three entities who initially sent letters of intent, as well as two additional entities who expressed interest more recently were sent copies of the draft regulations.
- Chairman Moses asked whether the three entities that had sent the agency a notice of intent were notified about the application. Executive Director Brownlee stated that those three entities received an application package. A fourth entity that made inquiries through their counsel received an application package through the entity's counsel.
- Chairman Moses asked for clarification on how others may be able to learn that the application is available. Executive Director Brownlee said that the KRGC website has language that directs interested parties to contact the Director of Sports Wagering and Licensing. Commissioner Turnquist asked if it would be possible to post a notice on the same website the agency posts meeting notices on, Public Square. Director Brownlee said that Public Square is meant to only have public meeting information and it would not be appropriate to post the application notice there.
- The American Gaming Association issued an illegal gaming report saying that 40% of slot machines in the United States are unlicensed. Unlicensed slots machines payout to patrons an estimated 1/3 less than regulated machines. One-third of sports betting goes to illegal or unregulated operators. Once a state legalizes sports wagering there is an 80% reduction in illegal or unregulated sports wagers. There is a 77% increase in sports wagers on NFL Sundays. This equates to over 40 million bets placed on those Sundays.
- KRGC anticipates being able to provide the commissioners with a monthly sports wagering revenue report, the caveat being that the Kansas Lottery would like to report the revenue to their commission first. The KRGC typically meets after the Lottery and so this should not be an issue except for the few times KRGC meets before the Lottery.
 - Chairman Moses asked if the commissioners were safe in assuming when they receive the agenda packet that the revenue reports are public information. General Counsel Taylor clarified that the revenue reports are not public information at that time and included for the commissioner's benefit.
- The KRGC has another draft of the sports wagering regulations that are ready to be submitted to the Attorney General's office for review.

Internally the agency has decided to wait until the AG transition before submitting the regulations.

- Chairman Moses asked if the transition to a new attorney general will cause any delays. Executive Director Brownlee said that state regulation process is lengthy, and he does not anticipate the transition will substantially delay the process.
- The next commission meeting is scheduled for January 13, 2023, at 10:00am in the Eisenhower State Office Building. There is a change to the calendar. The September 15th, 2023 meeting was rescheduled to September 8th to facilitate the budget process. Commissioners will need to appoint a Vice Chair and Secretary at the next meeting.
 - Chairman Moses asked if there was any benefit of having the commission meeting on the day following the historical horse racing public meeting in Sedgwick County. Executive Director Brownlee said that staff would be able to accommodate the preference of the commissioners and that he agrees the meeting should take place in Sedgwick County. The Chairman and Executive Director agreed to more discussion and that a decision was not needed immediately.

MOTION, EXECUTIVE
SESSION;
CONFIDENTIAL
BACKGROUND
REPORTS
(J.3.)

Commissioner Jones (Spalding) moved that the Commission go into executive session for the purpose of reviewing confidential background reports presented today by the commission's security division. In addition to the commissioners, the confidential background reports portion included the executive director, general counsel, and director of sports wagering and licensing. The total time for the executive session was anticipated to be ten (10) minutes until 11:03 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 4-0, and the meeting was adjourned to executive session at 10:53 p.m.

RECONVENE
(J.2.)

The commission meeting returned to open session at 11:03 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Spalding present.

MOTION, EXECUTIVE
SESSION; ATTORNEY-
CLIENT PRIVILEGE
(J.3.)

Commissioner Spalding (Turnquist) moved that the Commission go into executive session for the purpose of consulting with the agency's attorney on attorney-client privileged communications. In addition to the commissioners, the attorney-client privileged communications will include the executive director and general counsel. After discussion, the total time for the executive session was anticipated to be ten (10) minutes until 11:15 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 4-0, and the meeting was adjourned to executive session at 11:05 a.m.

RECONVENE
(J.4.)

The commission meeting returned to open session at 11:15 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Spalding present.

MOTIONS ON LICENSE
APPLICATIONS
(K.1.)

Commissioner Turnquist (Jones) moved to *deny two* license applications, *table one* license application, and *approve the remaining 143* license applications from the December 16, 2022, list of background reports referred to the commission for action. The motion carried 4-0.

OTHER BUSINESS

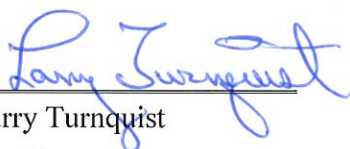
There were no other items for discussion or motion.

ADJOURNMENT
(L.)


Chairman Moses stated that the January 13, 2023, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

Commissioner Jones (Spalding) moved to adjourn the meeting. Motion passed 4-0. The meeting was adjourned at 11:19 a.m.

SUBMITTED BY:


Larry Turnquist
Secretary

APPROVED BY:


David Moses
Chairman